

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Ms A Pratten Mr G Morgan Mr P Day Mr D Smith (appointed 29 January 2020) Mr M Fossey (appointed 29 January 2020)
Trustees	Mr A McGarel, Chair of Trustees (resigned 9 July 2020) Mr C Hearn Mr W Haynes (resigned 26 August 2020) Mr C Holme Mr S Palmer Mr J Duffy (resigned 9 July 2020) Ms A Pratten (resigned 2 December 2019) Mr R Duff (appointed 24 February 2020) Mrs T Nash (appointed 9 July 2020) Mrs H Witty (appointed 9 July 2020) Mrs K Wild-Smith, Chair of Trustees Mr M O'Sullivan (resigned 23 February 2020) Mrs K Tucker (appointed 24 September 2020)
Company registered number	07638800
Company name	Discovery Educational Trust
Registered and principal office	Hanging Hill Lane Hutton Brentwood Essex CM13 2HG
Company Secretary	Ms A Pessell
Executive Headteacher	Mr R Duff
Senior Management Team	Mr M O'Sullivan, EHT (resigned 23/02/2020), thereafter remained on Senior Management Team until 31/08/2020 Mr R Duff, Headteacher (Larchwood Primary School) & EHT (appointed 24/02/2020) Mr A James, Headteacher (Chase High School) Mr I Smyrk, Headteacher (St Martin's School) Ms A Pessell, Head of Finance
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

DISCOVERY EDUCATIONAL TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their Annual Report, together with the financial statements and Auditor's Report, of Discovery Educational Trust (DET), formerly Brentwood Academies Trust (BAT) for the year ended 31 August 2020. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

DET operates one primary and two secondary schools (the Schools) in the South East area of Essex with a combined pupil capacity of 3,505 and a role of 3,182 pupils as recorded in the January 2020 census.

St Martin's School, Brentwood (SMS) initially converted to academy status on 1 July 2011 and subsequently became the BAT on 23 April 2014. The School was rated Good by Ofsted in January 2019 with the 16 to 19 study programmes rated Outstanding.

On 1 July 2014, Larchwood Primary School (LPS), a sponsored School, became part of BAT. The School was inspected by Ofsted in March 2017, achieving Outstanding status.

On 1 April 2015, Chase High School (CHS), a sponsored School, became part of BAT. The School was inspected by Ofsted in March 2018. Although rated as Requires Improvement, the inspection identified a number of key strengths and provided input that has given all those involved with CHS a renewed sense of direction and purpose.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

DET is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also Directors for the purposes of company law. The terms Trustee and Director are interchangeable in this Report.

The operation of the Schools and employment of staff are the responsibility of the Trustees. DET retains control of School budgets and finances and monitors these through its Trust Board (TB). Each School has appointed Local Governing Bodies (LGB), which have delegated authority to administer their School within agreed budgets. Members of the LGB are referred to as Governors in this Report.

Details of the Trustees, who served during the year, are included in the Reference and Administrative Details section.

Members' Liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

Trustee and Officers' Indemnities

In accordance with normal commercial practice, DET has opted into the Department for Education's (DfE) risk protection arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on BAT business and provides cover up to £10,000,000 on any one claim and details of the costs are disclosed in Note 13 to the accounts.

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Method of Recruitment and Appointment or Election of Trustees

In accordance with the Articles of Association, the number of Trustees shall not be less than three, but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The Articles allow DET to have the following Trustees:

- Up to 10 Trustees appointed by Members (Article 50);
- Chief Executive Officer and Executive Principal (Article 57);
- Parent Trustees (Articles 53-56); and
- Co-opted Trustees (Article 58).

The Chief Executive Officer/Executive Principal is referred to as the Executive Headteacher (EHT) in this report. The total number of Trustees, including the EHT, who are employees of DET shall not exceed one third of the total (Article 50B). Policies and procedures adopted for the induction and training of Trustees and Governors are as follows:

- DET has developed a formal Induction Policy for new Governors and Trustees that consists of an 'in-house' induction as well as external induction training provided by Juniper Education Services. The latter programme also provides a range of training courses for both new and existing Governors and Trustees.
- Information regarding training opportunities is circulated to all Governors and Trustees and attendance is encouraged. A detailed record of all training completed by Governors and Trustees is maintained and reviewed on a regular basis and a skills audit is undertaken annually.

Organisational Structure

The governance of DET is defined in the Memorandum and Articles of Association together with the Funding Agreement with the DfE.

The TB, which meets on, at least, six occasions per year is responsible for strategic planning and the setting of general policy. It manages DET through business planning, the approval and monitoring of budgets, performance management and the setting of standards. The TB will also make major decisions about the direction of DET, capital expenditure and staff appointments. This TB includes the Accounting Officer: the EHT of DET.

Whilst the Trustees have overall responsibility and ultimate decision-making authority for all work of DET, it chooses to delegate the management of each School to an LGB, which acts as the 'Advisory Body' for their School. The DET Scheme of Delegation details the role of the LGB. This includes the implementation and monitoring of the annual budget, safeguarding of funds and other assets, working with the Trust Estate Manager to establish a five-year estate management plan, compliance with Financial Regulations and Scheme of Delegation and the responsibility for ensuring the business of their School is conducted in accordance with DET's ethos and values.

The Senior Leadership Team (SLT) of each School reports through their LGB and is responsible, at an executive level, for implementing policies and for the day-to-day operation of their School, in particular organising staff, resources and pupils. It is responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment process.

The Accounting Officer has overall responsibility for the day-to-day financial management of DET. The Accounting Officer has delegated responsibility for agreed levels of expenditure to specific budget holders, who are each responsible for managing their own Schools and departments within the constraints of their allocated budgets. DET has documented Financial Regulations and Schemes of Delegation to implement and manage the necessary financial controls.

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Arrangements for Setting Pay and Remuneration of Key Management Personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of DET.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the DET group size, Individual Salary Range (ISR), the pay scales for each role, the level of experience of each staff member and the ability to recruit and retain in post. In addition, DET, as part of the Transfer of Undertakings (Protection of Employment) (TUPE) agreement for each School joining, will adhere to nationally agreed pay awards, all of which are in accordance with DET's appointment procedures, Pay Policy and Performance Management Policy, both policies being subject to annual review.

DET undertakes annual performance management for teaching staff in October and for support staff in March with all staff required to evidence achievement of performance targets. Pay recommendations for leadership range teachers are made by the HT and for the HT by the Performance Management Review Panel, involving the EHT and Chair of the LGB. Pay recommendations for the EHT are made by the Performance Management Review Panel, involving the Chair and the Vice Chair of the TB. The only Trustee receiving remuneration from the Trust is the EHT.

All amendments to Schools' key management's pay and remuneration are approved by the relevant LGB.

The above arrangements are currently under review by the TB for implementation in 2020/21.

Connected Organisation and Related Parties

Owing to the nature of DET's operations and the composition of the TB being drawn from local public and private sector organisations, transactions may take place with organisations in which a Governor or Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with DET's financial regulations and normal procurement procedures. Any transaction where the Governor or Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook (AFH).

Trade Unions

DET had no employees, who were relevant union officials during the year.

Employee Consultation

Staff are informed and consulted on matters affecting them during the year through the sending of emails and use of DET's intranet.

Disabled Access and Equality

Equality and Diversity - DET is committed to equal opportunities in employment and to avoiding unlawful discrimination in all aspects of employment including recruitment, promotion, opportunities for training, pay and benefits, discipline and dismissal, performance and selection for redundancy. DET will uphold its obligations under the Equality Act 2010 ("the Act") not to discriminate directly or indirectly in any of its activities against employees or applicants for employment on the grounds of the protected characteristics.

Disability - The Schools will make reasonable adjustments to allow access to staff and visitors with physical, sensory or mental impairments. The Schools will make reasonable adjustments in the recruitment and employment of disabled people. This may include adjustments to recruitment and selection procedures, terms and conditions of employment, working arrangements and physical changes to the premises or equipment. The Schools will take account of recommendations from Access to Work and any medical professionals. The Schools will not discriminate during recruitment and ongoing staff development because of impairment.

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Engagement with Suppliers, Customers and Others in a Business Relationship with DET

The Trustees have implemented clear policies and procedures for dealing fairly with suppliers. Formal orders are placed and agreed payment terms always adhered to. To ensure service continuity during and after the current COVID-19 outbreak, DET has followed the guidelines of the Government Procurement Policy Note (PPN) that sets out information and guidance for public bodies on payment to their suppliers.

The Trustees consider pupils and parents to be their “customers”. Whilst pupils encounter engagement on a daily basis, engagement with parents is through face to face meetings, via email, through the use of a parental portal and online with each School website incorporating both a news section and Twitter feed.

OBJECTIVES AND ACTIVITIES

Objectives and Aims

The principal object and aim of DET is the operation of a number of Schools to provide free education and care for pupils of different abilities within its local community between the ages of 4 – 19.

Objectives, Strategies and Activities

During the year, the individual Schools have worked towards achieving these aims by:

- Ensuring that every child enjoys the same high quality education in terms of resourcing, teaching and learning, curriculum provision and assessment;
- Raising the standard of educational achievement to ensure high levels of pupil achievement and standards for all pupils;
- Improving the effectiveness of their School by keeping the curriculum and organisational structure under continual review;
- Providing value for money for the funds expended;
- Complying with all appropriate statutory and curriculum requirements;
- Conducting the School's business in accordance with the highest standards of integrity;
- Establishing high quality care, guidance and support of pupils, personal development and wellbeing and inclusiveness; and clear leadership and management.

DET aims to get the best for, and from, each child. It intends to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values.

Public Benefit

The Trustees believe that, by working towards the objectives and aims of DET as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

STRATEGIC REPORT

Achievements and Performance

DET continued its mission to ensure that pupils achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained knowledgeable and committed staff and guided pupils in suitable progression when they left their School.

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St Martin's School (SMS)

SMS is committed to offering a high-quality training environment for new teachers, with a proven track record of developing the talents of those new to the profession and ensuring that they have the foundations for a successful future in teaching. The School provides a flexible programme, which personalises the learning of the teacher based upon their current skills and experience. Recognising that, as with our pupils, every new teacher will have different strengths and weaknesses and we tailor our programme to reflect this. In the academic year 2019/20, all seven Newly Qualified Teachers (NQT) successfully completed their induction. The School also hosted 15 trainees across the two placement cycles. All trainees at SMS successfully completed their placements, with trainees coming from: Essex Teacher Training, the University of Brighton, Goldsmiths University, the University of East London and Middlesex University.

A strict quality assurance process was implemented to ensure that the Centre Assessed Grades (CAG) for Year 11 and Year 13 pupils were accurate and fair. These were checked at a departmental level (Head of Faculty (HOF)/Head of Department (HOD)) and at an SLT level, involving a check of every CAG for each individual pupil by the SLT member, with concerns being raised to subject leaders before they were formally submitted.

Exam Results 2019/20

GCSE

- For 2020, 92% of pupils achieved a grade 9-4 in English, which is an increase of 5% on last year. 73% achieved a grade 5 or above.
- 88% of pupils achieved a grade 9-4 in Maths, an increase of 6% from the previous year. 71% achieved a grade 5 or higher.
- 87% of pupils achieved a grade 9-4 in both English and Maths, compared to 77% last year. 64% achieved a grade 5 in both, which was 50% in 2019.
- 65% of our Pupil Premium (PP) pupils (22 pupils in this cohort) achieved a grade 9-4 in both English and Maths, well above the national average. 29% achieved 5 and above in both.
- The gap between PP pupils and non-PP pupils has decreased from 38% last year to 25% this year.
- Using the 2019 DfE Attainment 8 (A8) estimates, the overall estimated Progress 8 (P8) for SMS in 2020 would have been +0.12, with P8 scores of +0.09 in English and +0.33 in Maths.

POST-16

- 186 pupils left the School at the end of KS5.
- For 2020, the percentage of A*- B for A-Level is 70%.
- 100% of pupils achieved an A*- E grade. Those pupils achieving A*- A at A-Level now stands at 39%; 93% of pupils achieved an A*- C at A-Level.
- The A-Level Performance System (ALPS) Quality Indicator score is 2 (top 25% nationally).
- The average point score per entry for A-Level pupils increased to 41.71 from 35.44 in 2019.
- The average Business and Technology Education Council (BTEC) points per A-Level equivalent entry is 26.08.

This academic year, 146 applications were made through Universities' and Colleges' Admissions Service (UCAS), a rise of 37 pupils. This results in 74% of our cohort applying for higher education, the same as last year. An in-house alumni has been created to maintain contact with past pupils and some of these pupils visit the School to support our current pupils in both their employment or university applications, although due to COVID-19 restrictions, the usual contact details obtained from pupils on signing off day were not obtained. This is now being done in retrospect.

Using the data that we have on university firm choices, 78% gained a conditional place and 22% an unconditional place. 23% were released to go into Clearing, although this number may not be representative as this was done on calculated grades before the CAGs were accepted. 43% of our BTEC pupils went to university, an increase on 36% from last academic year. Of those Year 13 pupils that received a bursary reward, 71% have started a university course, whilst the others are pursuing an apprenticeship course.

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March to August

The School closed in March to the majority of staff and pupils. It stayed open to key worker and vulnerable pupils until the end of the Summer term, including the Easter holidays. Research was carried out into how many pupils needed laptops and all were supplied with an additional one kept at School as contingency.

Attendance varied due to individual circumstances and the number of possible pupils attending School increased as lockdown developed. The pupils studied a full curriculum across the week taught by a rota of staff.

Work for all pupils was set via the "Portico" online platform, which all pupils have individual logins for. The School was not in a position to use Microsoft Teams as it was in the process of being purchased and installed. The School used Zoom for 1-1 sessions, but not for online group teaching due to concerns over the security of the software. Individual departments used Twitter to update the pupils on work or send positive messages home. This was extremely popular. Tutors contacted all members of their tutor groups for catch-up sessions.

From 1 June, the School opened to 25% of Year 10 daily and Year 12 Subject Surgeries. The Year 10 daily classes focused on English, Maths and Science each in classes of approximately 12 that stayed the same throughout lockdown. Year 12 had a series of Subject Surgeries in classes of no more than 14. The sessions in Year 10 and Year 12 were very well received by staff, pupils and parents and provided opportunities for everyone to "take stock" and to give pupils further work to do at home.

Pupils eligible for Free School Meals (FSM) vouchers were contacted and received their allowance. Pastoral Teams, including our Social and Emotional Aspects of Learning (SEAL) Co-ordinator, saw several families both in School and over Zoom to support with anxiety issues. Four videos were created and put on the School website to aid with COVID-19, anxiety, bereavement and transition. Targeted pupils were contacted by the Pastoral Teams each week to check on wellbeing.

A four-day Year 6 transition took place after School closed in July. Pupils had a tour of the School, met key staff and sat Cognitive Abilities Tests (CATs). Under the circumstances, attendance was very good with only approximately ten percent of pupils needing to sit the tests in September.

Chase High School (CHS)

CHS has continued its work to help pupils to develop their achievements both academically and in terms of their personal development. Part of this work sees the encouragement of a wide range of extra-curricular activities and School trips, extra responsibility for pupils via the prefect scheme and the commitment to help pupils progress to post-16 education either here or elsewhere. Results in 2020 were awarded using CAG, but the School awarded these with integrity so that pupils gained the grades that they were most likely to have achieved, had the examinations taken place. CHS works closely with Southend School Centred Initial Teacher Training (SCITT) to train teachers and both trainees passed their courses. One is currently employed at the School. Both of the NQTs completed their probation.

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Exam Results 2019/20

GCSE

- For 2020, there were 153 pupils at the end of Key Stage (KS) 4, 65% of pupils achieved a grade 9-4 in English, which is an increase of 10% on last year. 37% achieved a grade 5 or above.
- 63% of pupils achieved a grade 9-4 in Maths, an increase of 7% from the previous year. 37% achieved a grade 5 or higher.
- 53% of pupils achieved a grade 9-4 in both English and Maths, compared to 47% last year. 27% achieved a grade 5 in both, which was the same as 2019.
- 43% of our 72 PP pupils achieved a grade 9-4 in both English and Maths, close to the national average. 17% achieved 5 and above in both.
- The gap between PP pupils and non-PP pupils has increased from 10% last year to 20% this year.
- Using the 2019 DfE A8 estimates, the estimated P8 for CHS in 2020 would have been -0.23, up from -0.66 in 2019 and would have placed the School in the "average" category. P8 for English is -0.61 and for Maths is -0.15.

POST-16

- Summer 2020 saw very pleasing results for Post-16 pupils. 55 pupils left the School at the end of KS5.
- 20 pupils sat a total of 37 A-Levels between them. The percentage of A*- B grades remained consistent at 30%. The average point score per entry increased to 28.9 from 23.4 in 2019.
- 40 pupils took a BTEC qualification. The average BTEC points per A-Level equivalent entry is 27.1 (2018/19 23.8).
- CHS does not use ALPS as for 2019/20, ALPS excluded BTEC results and only three pupils took only A-Levels. CHS used Service for Improved Schools' Results Analysis (SISRA) for its analysis.

The number of pupils attending University or Higher Apprenticeships was 40% of the cohort, the range of destinations and ability of pupils to secure their university of choice continues to be something, of which, the School is very proud.

March to August

From 20 March, the School closed to all, but key worker children and vulnerable children. This provision continued during the Easter holidays. Pupils were RAG rated (Red, Amber, Green) if they had been highlighted as vulnerable. Pupils on the list were encouraged to attend School and the number of pupils attending each day in lockdown gradually increased from 15 pupils to 40. Pupils that were not attending, but classified as vulnerable (approximately 120 pupils) were called at staged intervals depending on their level of need. For example, 'Red' rated pupils were called every few days and there was a constant communication with outside agencies. 278 pupils received FSM vouchers via email and post each fortnight amounting to £75,000 in Government vouchers. In addition, staff donated food each week, which supported 75 families in the most need with the equivalent of a weekly shop. This was delivered to their homes within 48 hours of request.

Staff were put in daily teams and were rotated once a week. This increased to twice a week as the need arose.

Home learning for all pupils was set using the Show My Homework (SMHW) online platform. Pupils submitted work online and could access teachers as needed. 80 learning packs were sent fortnightly to families that had highlighted a need for paper copies, completed work was then photographed by parents and submitted via email or the SMHW app.

From 1 June, CHS reopened to 25% of Year 10 and post 16 on a weekly rota. Pupils had lessons over the week in each of their subjects. Attendance at this time averaged 65%. All staff, who were not shielding, were in School regularly.

At the end of the term, all staff were in School for three days of staff In-Service Training Day (INSET) ranging from online learning, School Information Management System (SIMS) and Health and Safety training. 12 members of staff and ten families from Year 6 completed First Aid training as part of the parental engagement strategy.

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In August, Summer School ran as a Year 6 transition week in which 116 pupils participated in activities such as a petting zoo, sports activities, falconry, sign language tutorial as well as English and Maths. All pupils had time with their form tutor in a “get to know you” session and parents had a “Meet the Headteacher” hour in small groups.

Larchwood Primary School (LPS)

LPS is a community-centred School, with extensive community links including St George’s Church and the Shenfield Sports Partnership. The School works closely with the onsite Larchwood Family Hub operated by Virgin Care Ltd. During the year, pupils gave support to the following charities, The Royal British Legion, Remembrance Day and Pulmonary Hypertension Association (PHA-UK). The School offers an array of opportunities and experiences for all pupils including a wide range of extra-curricular clubs and wrap around provision (7:30am-6:00pm daily), with Year 6 pupils leaving fully prepared for secondary school and life beyond LPS. In October 2019, three members of staff were invited to a school in China with which we have developed links over the last two years. In January 2020, LPS hosted a number of pupils and teachers from schools in China. Organised by Essex County Council and Havering Council, this was a great cultural experience for all the children involved. In the academic year 2019/20, three NQTs successfully completed their induction.

Exam Results 2019/20

There are no results in 2019/20 due to all assessments being cancelled because of the COVID-19 pandemic. However, across the School, our predicted results for Early Years, Year 1 Phonics, Year 2 and Year 6 were well above 2019 national averages.

March to August

From 20 March, the School closed to all, but key worker and vulnerable children. This provision continued during the Easter holidays.

Home learning for all children was set using a number of our online platforms. As the closure continued, this provision was regularly enhanced with activities such as weekly writing challenges and teaching videos from class teachers. Staff were put on a rota and were in School one week in every three.

From 1 June, we reopened to Reception, Year 1 and Year 6 children with over 80% of eligible children attending. All staff, who were not shielding, were in School. We also conducted fortnightly calls home to all families. Towards the end of June, children in Year 5 were invited back into School. By the end of term, we had nearly 200 pupils back in School, including an additional 30 children of key workers and vulnerable children. This included children, who did not fall under the Government criteria for vulnerable, but who we considered to need additional support. Children eligible for FSM received weekly food vouchers through the Government scheme and we also provided a number of families with food parcels that were donated or sourced by the School.

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Key Performance Indicators (KPI)

The Trustees receive monthly information to enable them to monitor the performance of the constituent Schools compared to aims, strategies and financial budgets.

Financial Performance Indicators:

- As funding is based on pupil numbers, this is a KPI with funding per pupil calculated for General Annual Grant (GAG) funding, sixth form funding, total funding and total income.
- Revenue expenditure per pupil is calculated for teaching costs, support staff costs and other costs and total per pupil.
- Staffing costs, a substantial element of total costs, are calculated as a percentage of GAG funding, Education and Skills Funding Agency (ESFA) funding, total income and total expenditure. Also calculated is average teacher cost.
- The TB monitors cash flow on a regular basis.
- Surplus as a percentage of Funding/Income.

Other Performance Indicators:

- Examination results and National Curriculum Standard Assessment Tests (SATS).
- Ofsted inspection outcomes.
- Pupil attendance data.
- Pupil recruitment data.
- Pupil exclusion data.
- Pupil admissions data.
- Pupil progress data.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that DET has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

In making this statement the TB have taken into due consideration the effects upon the Trust of the COVID-19 pandemic, the partial closure of the School during the period and the changes in practices introduced from the 2020 Autumn term.

Further consideration on the Academy's ability to continue as a going concern as a result of the COVID-19 pandemic can be found in Note 1.2.

Promoting the Success of the Charitable Company

The Trustees have an obligation to act in a way most likely to promote the success of DET. Details regarding engagement with employees, suppliers, parents, pupils and other connected parties have been covered in separate notes within the Trustees' Report. The obligation to assess the likely consequences of decisions in the longer term is noted within the Reserves Policy below, as Trustees balance the needs of current and future cohorts.

The Trustees have identified reputational and ethical areas as key risks and their actions in these areas are covered within Principal Risks and Uncertainties later within this Strategic Report.

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Financial Review

DET's principal source of funding is the GAG funding that it receives from ESFA. For the period ended 31 August 2020, DET received £18,251,447 (2019 - £22,761,304) in GAG and other funding. A high percentage of this funding is spent on wages, salaries and support costs to deliver DET's primary objective of the provision of education. During the year, DET spent £20,475,661 and transferred £157,032 to support capital new build and improvement projects.

DET brought forward from 2018/19, £38,200,223 restricted funding and £1,084,836 unrestricted funding. The carry forward for 2019/20 is £35,896,105 restricted funding and £829,740 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under Financial Reporting Standard (FRS) 102, DET is recognising a significant pension fund deficit of £8,169,000 (2019 - £7,287,000). This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The recognition of this deficit has no direct impact on the free reserves of DET.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs. They always aim to ensure that each DET School sets a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Head of Finance. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

DET's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £829,740 (2019 – £1,084,836). This has been built up from a mixture of locally raised income and balances transferred from predecessor Schools.

DET's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2020 was £1,480,672 (2019 - £1,812,348).

DET's cash balance has been very healthy all year, ending the year with a balance of £2,128,624 (2019 - £2,795,286). A significant proportion of this is held against specific projects and is not available to meet normal recurring expenditure. The Trustees regularly monitor cash flow at half-termly TB meetings and DET holds a cash contingency equivalent to one month's gross salary expenditure, which totals approximately £996,000 for DET and member Schools. Further reserves will be maintained due to the anticipated reduction in funding in future years.

Investment Policy

The Trustees have a policy of investing its cash balances with a view to maximising returns, but where greater weight is assigned to the safety of the investment. The policy aims to invest cash such that its cash balances and liquid investments, at least, equal the figure outlined in the Reserves Policy.

Principal Risks and Uncertainty

DET maintains a risk register identifying the major risks to which it is exposed and identifying actions and procedures to mitigate those risks. A formal review of the risk management process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored directly by the TB. The principal risks facing DET at a contextual level are outlined below; those facing the Schools at an operational level are addressed by its systems and by internal financial and other controls. For further details, see the statement of internal control below.

The Trustees report that the financial and internal controls conform to guidelines issued by the ESFA and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

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FOR THE YEAR ENDED 31 AUGUST 2020

Principal Risks and Uncertainty (Continued)

It is recognised that systems can only provide reasonable, but not absolute assurance that major risks have been adequately managed.

As a Trust, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and this is relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the principal risks and uncertainties facing DET as follows:

- DET has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- Failures in governance and/or management – the risk in this area arises from potential failure to effectively manage DET's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- Reputational - the continuing success of DET is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that pupil success and achievement are closely monitored and reviewed;
- Safeguarding and child protection – the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline;
- Staffing – DET's success is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring that there is clear succession planning;
- Fraud and mismanagement of funds – DET has appointed an Internal Auditor to carry out checks on financial systems and records as required by the AFH. All Finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

DET has continued to develop its risk management process throughout the year by improving the process and ensuring staff awareness.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Streamlined Energy and Carbon Reporting

Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020 – UK:	
Total energy consumption (kWh)	5,014,455
Energy consumption break down (kWh)	
• gas,	3,448,124
• electricity,	1,555,634
• transport fuel - owned transport	5,651
• transport fuel - employee vehicles	5,046
Scope 1 emissions in metric tonnes CO2e	
Gas consumption	634
Owned transport – mini-buses	1
Total scope 1	635
Scope 2 emissions in metric tonnes CO2e	
Electricity	363
Scope 3 emissions in metric tonnes CO2e	
Business travel in employee owned vehicles	1
Total gross emissions in metric tonnes CO2e	999
Intensity ratio	
Number of pupils	3,194
Tonnes CO2e per pupil	0.31

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the Greenhouse Gas Reporting Protocol – Corporate Standard and have used the 2020 UK Government’s Conversion Factors for Company Reporting.

Intensity Measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

DISCOVERY EDUCATIONAL TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Measures Taken to Improve Energy Efficiency:

- Increased the use of video conferencing technology for Member, Trustee, Governor, staff and parental meetings, to reduce the need for travel to and from, and between sites.
- Installation of smart meters across all School sites.
- CHS – LED lights and PIR motion sensors throughout School has reduced the need for lighting to be left on out of hours (due to security concerns).
- All lighting replacements undertaken are to LED panels, which are best practice as they are more efficient and utilise less energy.
- Previous (SMS) and current (CHS) Condition Improvement Fund (CIF) bids for new gas boilers mean that replacements are modern, energy efficient models.

Plans for Future Periods

Despite budgetary pressures, DET will endeavour to improve the levels of performance of its pupils at all levels and will attempt to maintain its recent progress in ensuring that the number of pupils on roll properly reflects the demand for places. The Trustees will continue to enhance and expand facilities in pursuance of DET's commitment to ensure that all pupils achieve their potential. It is recognised that pupils with differing abilities and aptitudes will have differing curriculum requirements and that a greater diversity of learning environments will be required to deliver these.

Whilst the buildings for all Schools continue to be in a good overall state of repair, the following CIF bids were submitted for 2019/20. For CHS, boiler replacement (£366,981) and pipework replacement (£423,923); for SMS, the portacabin replacement (£1,618,794) and fire alarm and emergency lighting upgrade (£103,310); for LPS, roof replacement (£274,208) and toilet refurbishment (£69,246). Unfortunately, none of the bids were successful. CIF bids for 2020/21 will remain the same for CHS, LPS will submit for the roof replacement only and SMS is considering a revised bid reducing the RE portacabin from a two storey to a single storey, as the building becomes increasingly dilapidated.

As the expansion programme for LPS reaches full capacity, 420 pupils, in 2021/22, the expansion programme for CHS begins in 2020/21 with the Year 7 intake increasing from 196 to 226. Overall, CHS pupil capacity will increase from 1,280 to 1,430 over the next five years. To provide the additional space, a three storey teaching block containing 14 classrooms, office space, toilets and a servery area was completed in August 2020 funded by Southend Borough Council, with additional car parking, cycle racks and a multi-use games area forming part of the development.

In the academic year 2019/20, DET has appointed a new Chair of the TB and three new Trustees, which has provided an opportunity to review DET's governance. The TB meeting of 24 September 2020 included the approval of an updated version of the Scheme of Delegation and agreement to create a committee structure comprising an Audit and Risk Committee and Finance and Resources Committee. DET currently has nine Trustees, but is looking to increase this number to ensure that the committee structure can function effectively.

In addition, in the academic year 2019/20, DET has appointed a new EHT and new HTs for each of the Schools. This has made it possible to review the salaries offered for each new appointment, which will lead to an improvement in DET's financial performance with the highest banded executive remuneration reducing from £140-£150k in 2019/20 to £100k-£110k in 2020/21.

Fundraising

DET only held small fundraising events during the year organised at individual Schools including Christmas shows and theatrical productions. DET does not work with professional fundraisers or companies, who carry out fundraising on its behalf. During the year, no complaints or issues have arisen as a result of the fundraising events.

**DISCOVERY EDUCATIONAL TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Provision of Information to Auditors

Each of the persons, who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- So far as that Trustee is aware, there is no relevant audit information of which DET's Auditors are unaware, and
- That each Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by DET's Auditors in connection with preparing their Report and to ensure that DET's Auditors are aware of that information.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 3 December 2020 and signed on its behalf by:

Mrs K Wild-Smith
Chair of Trustees

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge that we have overall responsibility for ensuring that Discovery Educational Trust (DET) has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

As Trustees, we have reviewed and taken account of the guidance in Department for Education's (DfE) Governance Handbook and competency framework for governance.

The Board of Trustees (TB) has delegated the day-to-day responsibility for ensuring that financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between BAT and the Secretary of State for Education, to the Executive Headteacher (EHT) as Accounting Officer. The EHT is also responsible for reporting to the TB any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The TB has formally met 6 times during the year.

Attendance during the year at meetings of the TB was as follows:

Trustee	Meetings attended	Out of a possible
Mr A McGarel	5	5
Mr C Hearn	5	6
Mr W Haynes	4	6
Mr C Holme	6	6
Mr S Palmer	5	6
Mr J Duffy	4	5
Ms A Pratten	1	2
Mr R Duff	3	3
Mrs T Nash	1	1
Mrs H Witty	0	1
Mrs K Wild-Smith, Chair of Trustees	6	6
Mr M O'Sullivan	3	3
Mrs K Tucker	0	0

Review of year:

Members - DET has increased the number of Members from three to five.

Trustees – On 24 February 2020, Ryan Duff replaced Mike O'Sullivan as EHT and Trustee. Anthony McGarel (Chair) resigned on 9 July 2020 and was replaced by Kanta Wild-Smith. Resignations include Anita Pratten (5 December 2019) and John Duffy (9 July 2020). Appointments include Trudy Nash and Helen Witty (both 9 July 2020). At 31 August 2020, the TB has eight Trustees.

During 2019/20, the TB dealt with the following key challenges:

- the continuation of effective governance as the TB switched to virtual meetings. The planned six meetings took place and an agreed agenda ensured that all aspects of education were covered and given sufficient time for scrutiny and decision-making. Rigorously compiled data, using recognised software, was evaluated and subjected to both internal review and external benchmarking.
- the changing risk landscape, which was both recognised and prioritised by the TB, as schools prepared for the return of pupils in September 2020.

DISCOVERY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

and opportunities:

- the support of both teaching and support staff through the COVID lockdown, as Schools remained open for key worker children, teachers provided remote learning and work was undertaken on the examination results.
- the improvement to DET's financial performance as changes to the School leadership teams during 2019/20 offered the TB the opportunity to reduce the highest banded executive remuneration from £140-£150k in 2019/20 to £100k-£110k in 2020/21.

Governance reviews:

In August 2020, the TB underwent an internal audit to review the controls supporting the Education and Skills Funding Agency (ESFA) Governance and Financial "Musts" as per the Academies Financial Handbook (AFH). The audit concluded compliance with the top 10 Musts for Chairs and Trustees.

The TB has scheduled a full Governance Audit for the Autumn Term 2020.

Committees

The Finance and Resources Committee and the Audit and Risk Committee, both sub-committees of the main TB, will be implemented 2020/21.

Review of value for money

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that DET delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how DET's use of its resources has provided good value for money during each academic year, and reports to the TB where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer has delivered improved value for money during the year by:

- DET works to ensure that all available funding is accessed and in 2019/20 registered for two DfE initiatives. The first, supermarket vouchers for Free School Meal (FSM) pupils and the second, IT equipment and internet access for disadvantaged pupils.
- DET-wide procurement continues to be developed, the 2019/20 focus was on the utility services (gas and electricity), with the aim of purchasing as a single entity and so realising a benefit from economies of scale and cost savings. In 2020/21 centralised procurement will include broadband, remote access and telephone systems.
- DET recognises the need to optimise funding received. In 2019/20, Chase High School (CHS) expansion programme commenced. Funded by Southend Borough Council (SBC), CHS received £4.95m (recognised in 18/19 accounts) and worked with SBC to achieve significant refurbishment of the main School and a fourteen classroom/three storey new build.
- With cleanliness at the heart of a reliable education service, DET worked to bring cleaning services in-house believing it would provide a stable, efficient, effective and consistent service across all DET Schools, with staff flexibility adding to the economic viability of an inhouse service. Commenced 1 September 2020

DISCOVERY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of DET policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Discovery Educational Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and financial statements.

Capacity to handle risk

The Trust Board has reviewed the key risks to which DET is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The TB considers that there is a formal ongoing process for identifying, evaluating and managing DET's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and financial statements. The TB regularly reviews this process.

The risk and control framework

The DET's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- co-ordinated and comprehensive planning and budgeting process, to ensure an accurate budget forecast based on realistic assumptions.
- monthly monitoring of financial performance against forecasts and key financial indicators, which are reviewed and agreed by the TB. Including regular review of major purchase plans, capital works and all expenditure programmes.
- target setting to measure financial and other performance.
- manage and oversee asset and capital projects including clearly defined purchasing (asset purchase or capital investment) guidelines.
- disciplined financial management to include managing debtors, creditors, cash flow and monthly bank reconciliations.
- identification and management of risks, including the risk of fraud and theft.
- delegation of authority and segregation of duties.

Internal Scrutiny Audit

The Trust Board has decided to employ Price Bailey LLP as Internal Auditor for the period 1 September 2019 to 31 August 2020.

Due to changes to Financial Reporting Council Ethical Standards for Auditors, DET is unable to continue with Price Bailey and instead will appoint a new provider of internal audit services from 1 September 2020.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on DET's financial systems. In particular the checks carried out in the current period included:

- Key Financial Controls (July 2020)
- Compliance with the ESFA's AFH 'Musts' (August 2020)

DISCOVERY EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The Internal Auditor reports directly to the TB on:

- the operation of the systems of control and
- the discharge of the TB's financial responsibilities

and prepares an annual summary report to the TB outlining the areas reviewed, key findings, recommendations and conclusions in order to help the TB consider actions and assess year on year progress.

The Internal Auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of their work.

Review of effectiveness

As Accounting Officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Internal Auditor;
- the work of the external Auditors;
- the school resource management self-assessment tool (SRMSAT);
- the work of the executive managers within the DET who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the TB and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 3 December 2020 and signed on their behalf by:

Mrs K Wild-Smith
Chair of Trustees

Mr R Duff
Accounting Officer

DISCOVERY EDUCATIONAL TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Discovery Educational Trust I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2019.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.

Mr R Duff
Accounting Officer
Date: 4 December 2020

DISCOVERY EDUCATIONAL TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Trust Board on 3 December 2020 and signed on its behalf by:

Mrs K Wild-Smith
Chair of Trustees

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DISCOVERY EDUCATIONAL TRUST**

Opinion

We have audited the financial statements of Discovery Educational Trust (the 'Trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DISCOVERY EDUCATIONAL TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DISCOVERY EDUCATIONAL TRUST (CONTINUED)**

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our Report

This Report is made solely to the Trust's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Trust's Members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Mr Gary Miller (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

4 December 2020

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DISCOVERY EDUCATIONAL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12 October 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Discovery Educational Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This Report is made solely to Discovery Educational Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Discovery Educational Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Discovery Educational Trust and ESFA, for our work, for this Report, or for the conclusion we have formed.

Respective responsibilities of Brentwood Academies Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Discovery Educational Trust's funding agreement with the Secretary of State for Education dated 1 July 2011 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DISCOVERY EDUCATIONAL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant
Price Bailey LLP
Chartered Accountants
Statutory Auditors

Date: 4 December 2020

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	29,946	246,445	92,116	368,507	5,547,842
Charitable activities	4	44,999	17,566,743	-	17,611,742	16,851,897
Other trading activities	5	264,343	5,376	-	269,719	359,764
Investments	6	1,479	-	-	1,479	1,801
Total income		340,767	17,818,564	92,116	18,251,447	22,761,304
Expenditure on:						
Charitable activities		595,863	18,285,112	1,594,686	20,475,661	19,716,414
Total expenditure		595,863	18,285,112	1,594,686	20,475,661	19,716,414
Net (expenditure)/ income		(255,096)	(466,548)	(1,502,570)	(2,224,214)	3,044,890
Transfers between funds	18	-	(157,032)	157,032	-	-
Net movement in funds before other recognised gains/(losses)		(255,096)	(623,580)	(1,345,538)	(2,224,214)	3,044,890
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(335,000)	-	(335,000)	(954,000)
Net movement in funds		(255,096)	(958,580)	(1,345,538)	(2,559,214)	2,090,890
Reconciliation of funds:						
Total funds brought forward		1,084,836	(6,559,488)	44,759,711	39,285,059	37,194,169
Net movement in funds		(255,096)	(958,580)	(1,345,538)	(2,559,214)	2,090,890
Total funds carried forward		829,740	(7,518,068)	43,414,173	36,725,845	39,285,059

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 30 to 55 form part of these financial statements.

DISCOVERY EDUCATIONAL TRUST
REGISTERED NUMBER: 07638800
(A Company Limited by Guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	43,286,053	40,698,848
Current assets			
Debtors	15	1,056,885	4,909,520
Cash at bank and in hand		2,128,624	2,795,286
		3,185,509	7,704,806
Creditors: amounts falling due within one year	16	(1,565,588)	(1,817,993)
Net current assets		1,619,921	5,886,813
Total assets less current liabilities		44,905,974	46,585,661
Creditors: amounts falling due after more than one year	17	(11,129)	(13,602)
Net assets excluding pension liability		44,894,845	46,572,059
Defined benefit pension scheme liability	26	(8,169,000)	(7,287,000)
Total net assets		36,725,845	39,285,059
Funds of the Trust			
Restricted funds:			
Fixed asset funds	18	43,414,173	44,759,711
Restricted income funds	18	650,932	727,512
		44,065,105	45,487,223
Restricted funds excluding pension liability	18	44,065,105	45,487,223
Pension reserve	18	(8,169,000)	(7,287,000)
Total restricted funds	18	35,896,105	38,200,223
Unrestricted income funds	18	829,740	1,084,836
Total funds		36,725,845	39,285,059

The financial statements on pages 27 to 55 were approved by the Trustees, and authorised for issue on 03 December 2020 and are signed on their behalf, by:

Mrs K Wild-Smith
Chair of Trustees

The notes on pages 30 to 55 form part of these financial statements.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash used in operating activities	20	(474,998)	(3,964,346)
Cash flows from investing activities	22	(189,191)	3,670,872
Cash flows from financing activities	21	(2,473)	(2,473)
		<u> </u>	<u> </u>
Change in cash and cash equivalents in the year		(666,662)	(295,947)
Cash and cash equivalents at the beginning of the year		2,795,286	3,091,233
Cash and cash equivalents at the end of the year	23, 24	<u><u>2,128,624</u></u>	<u><u>2,795,286</u></u>

The notes on pages 30 to 55 from part of these financial statements

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

The Trust is a company limited by guarantee. The Members are noted on page 1. In the event of the Trust being wound up in respect of the guarantee is limited to £10 per Member. The registered office is Hanging Hill Lane, Hutton, Brentwood, Essex, CM13 2HG.

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Discovery Educational Trust meets the definition of a public benefit entity under FRS 102.

The Trust's functional and presentational currency is Pounds Sterling.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Following the year end the Trust has been affected to a limited extent by restrictions imposed by the UK Government in response to the COVID-19 pandemic.

The Trust derives the majority of its income from local and national Government grant funding which is secured for a number of years, under the terms of the Academy Funding Agreement with the Secretary of State for Education. This will ensure that the Trust can continue operating for a period of at least 12 months following the date of this report. The financial statements do not contain any adjustments that would be required if the Trust were not able to continue as a going concern.

1.3 Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income (continued)

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Trust has provided the goods or services.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

● **Charitable activities**

These are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Freehold buildings	- 25 / 38 years straight line
Freehold land	- Not being depreciated
L/Term leasehold land	- 125 years straight line
L/Term leasehold buildings	- 25 years straight line
Plant and machinery	- 10 years straight line
Computer equipment	- 5 years straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.11 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.13 Pensions

The Trust operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Trust to the fund in respect of the year.

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.14 Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements are excluded from the Statement of Financial Activities incorporating Income and Expenditure Account as the Trust does not have control over the charitable application of the funds. The funds received and paid and any any balances held are disclosed in note 30.

1.15 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	29,946	246,445	-	276,391	394,269
Government grants	-	-	92,116	92,116	5,153,573
Total 2020	<u>29,946</u>	<u>246,445</u>	<u>92,116</u>	<u>368,507</u>	<u>5,547,842</u>
Total 2019	<u>43,103</u>	<u>351,166</u>	<u>5,153,573</u>	<u>5,547,842</u>	

In 2019, income from donations was £394,269 of which £43,103 was unrestricted and £351,166 was restricted.

In 2019, income from capital grants was £5,153,573 all of which was restricted fixed assets.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Funding for the Trust's provision of education

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	15,592,708	15,592,708	15,580,441
Other DfE / ESFA grants	-	1,785,106	1,785,106	1,072,117
	-	17,377,814	17,377,814	16,652,558
Other Government grants				
Local Authority grants	-	170,969	170,969	125,985
	-	170,969	170,969	125,985
Other funding				
Catering income	44,999	-	44,999	73,354
	44,999	-	44,999	73,354
Exceptional Government funding				
Exceptional Government funding	-	17,960	17,960	-
	-	17,960	17,960	-
Total 2020	44,999	17,566,743	17,611,742	16,851,897
Total 2019	73,354	16,778,543	16,851,897	

In 2019, income from DfE/ESFA grants was £16,652,558, all of which was restricted.

In 2019, income from other Government grants was £125,985, all of which was restricted.

In 2019, income from other funding was £73,354, all of which was unrestricted.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. Income from other trading activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Hire of facilities	87,652	-	87,652	132,008
Rental income	38,803	-	38,803	48,050
Other income	137,888	5,376	143,264	179,706
Total 2020	<u>264,343</u>	<u>5,376</u>	<u>269,719</u>	<u>359,764</u>
Total 2019	<u>348,829</u>	<u>10,935</u>	<u>359,764</u>	

In 2019, income from hire of facilities was £132,008, all of which was unrestricted.

in 2019, rental income was £48,050, all of which was unrestricted.

in 2019, other income was £179,706, of which £168,771 was unrestricted and £10,935 was restricted.

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	1,479	1,479	1,801
Total 2019	<u>1,801</u>	<u>1,801</u>	

In 2019, investment income was £1,801, all of which was unrestricted.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Provision of Education:					
Direct costs	12,624,014	-	964,847	13,588,861	12,795,986
Allocated support costs	3,153,478	2,794,941	938,381	6,886,800	6,920,428
Total 2020	<u>15,777,492</u>	<u>2,794,941</u>	<u>1,903,228</u>	<u>20,475,661</u>	<u>19,716,414</u>
Total 2019	<u>14,687,034</u>	<u>2,805,168</u>	<u>2,224,212</u>	<u>19,716,414</u>	

In 2020 of the total expenditure £595,863 (2019 - £1,071,035) was from unrestricted funds, £18,285,112 (2019 - £17,051,526) was from restricted funds and £1,594,686 (2019 - £1,593,853) was from restricted fixed asset funds.

In 2019, direct costs consisted of £11,627,374 staff costs and £1,155,780 other costs. Allocated support costs consisted of £3,046,719 staff costs, £2,805,168 premises costs and £1,068,541 other costs.

8. Charitable Activities

	2020 £	2019 £
Direct costs	13,588,861	12,795,986
Support costs	6,886,800	6,920,428
	<u>20,475,661</u>	<u>19,716,414</u>

Analysis of support costs

	2020 £	2019 £
Support staff costs	3,153,478	3,046,719
Depreciation	1,592,236	1,581,050
Technology costs	232,483	203,893
Premises costs (excluding depreciation)	1,202,705	1,224,118
Other support costs	630,513	790,700
Governance costs	32,780	30,473
Legal costs	42,605	43,475
	<u>6,886,800</u>	<u>6,920,428</u>

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Net expenditure

Net expenditure for the year includes:

	2020	2019
	£	£
Operating lease rentals	30,982	29,476
Depreciation of tangible fixed assets	1,592,237	1,581,050
Fees paid to Auditors for:		
- audit	12,500	12,100
- other services	6,265	6,100
	15,620,263	14,338,975

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020	2019
	£	£
Wages and salaries	11,479,393	11,011,146
Social security costs	1,205,993	1,138,071
Pension costs	2,934,877	2,189,758
	15,620,263	14,338,975
Agency staff costs	113,480	342,207
Staff restructuring costs	43,749	5,852
	15,777,492	14,687,034

Staff restructuring costs comprise:

	2020	2019
	£	£
Redundancy payments	-	4,877
Compromise agreements	-	975
Severance payments	43,749	-
	43,749	5,852

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory severance payments totalling £26,916 (2019 - £975). Individually, the payments were: £25,000 and £1,916.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Staff (continued)

c. Staff numbers

The average number of persons employed by the Trust during the year was as follows:

	2020 No.	2019 No.
Teaching	227	220
Administration and support	196	207
Management	5	5
	428	432

d. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2020 No.	2019 No.
In the band £60,001 - £70,000	5	3
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	3	3
In the band £90,001 - £100,000	4	3
In the band £110,001 - £120,000	-	1
In the band £130,001 - £140,000	-	1
In the band £140,001 - £150,000	2	1
	2	1

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £664,543 (2019 - £527,354).

Employer national insurance contributions included within key management personnel remuneration was £62,534 (2019 - £51,166)

Employer pension contributions included with key management personnel remuneration was £110,436 (2019 - £71,383)

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Central services

The Trust has provided the following central services to its Academies during the year:

- Financial services and support.
- Payroll services and support.
- Premises consultancy service and Health & Safety consultancy service.
- Curriculum, teaching and learning, School improvement and behaviour consultancy services.

The Trust charges for these services on the following basis:

2.20% of GAG income

The actual amounts charged during the year were as follows:

	2020 £	2019 £
St Martin's School	185,663	217,504
Larchwood Primary School	28,639	31,760
Chase High School	129,594	164,731
Total	343,896	413,995

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Executive Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020 £	2019 £
Mr M O'Sullivan	Remuneration	140,000 - 145,000	135,000 - 140,000
	Pension contributions paid	30,000 - 35,000	20,000 - 25,000
Ryan Duff (appointed 24 February 2020)	Remuneration	90,000 - 95,000	20,000 - 25,000

During the year ended 31 August 2020, expenses totalling £169 for travel and subsistence were reimbursed to 3 Trustees (2019 - £57 to 1 Trustee).

13. Trustees' and Officers' insurance

The Trust has opted into the Department of Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme membership.

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

14. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Furniture and fixtures £	Plant and equipment £	Total £
Cost or valuation					
At 1 September 2019	39,416,960	8,151,148	984,059	1,605,303	50,157,470
Additions	3,852,004	-	133,938	195,950	4,181,892
Disposals	-	-	(289,136)	(431,245)	(720,381)
At 31 August 2020	<u>43,268,964</u>	<u>8,151,148</u>	<u>828,861</u>	<u>1,370,008</u>	<u>53,618,981</u>
Depreciation					
At 1 September 2019	6,773,098	993,970	591,473	1,100,081	9,458,622
Charge for the year	1,113,024	234,846	76,387	167,980	1,592,237
On disposals	-	-	(286,686)	(431,245)	(717,931)
At 31 August 2020	<u>7,886,122</u>	<u>1,228,816</u>	<u>381,174</u>	<u>836,816</u>	<u>10,332,928</u>
Net book value					
At 31 August 2020	<u><u>35,382,842</u></u>	<u><u>6,922,332</u></u>	<u><u>447,687</u></u>	<u><u>533,192</u></u>	<u><u>43,286,053</u></u>
At 31 August 2019	<u><u>32,643,862</u></u>	<u><u>7,157,178</u></u>	<u><u>392,586</u></u>	<u><u>505,222</u></u>	<u><u>40,698,848</u></u>

15. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	34,793	13,736
Other debtors	210,906	84,816
Prepayments and accrued income	811,186	4,810,968
	<u>1,056,885</u>	<u>4,909,520</u>

Included within other debtors is VAT repayable £147,581 (2019 - £83,319).

DISCOVERY EDUCATIONAL TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other loans	2,473	2,473
Trade creditors	179,097	460,237
Other taxation and social security	306,117	274,928
Other creditors	439,111	236,371
Accruals and deferred income	638,790	843,984
	<u>1,565,588</u>	<u>1,817,993</u>

The balance of other loans relates to an interest free Salix loan granted by the Education and Skills Funding Agency.

	2020 £	2019 £
Deferred income at 1 September 2019	403,221	250,397
Resources deferred during the year	208,159	403,221
Amounts released from previous periods	(403,221)	(250,397)
	<u>208,159</u>	<u>403,221</u>

Resources deferred in the year relate to contributions towards future educational visits, rates payments and universal infant free school meals.

17. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Other loans	<u>11,129</u>	<u>13,602</u>

Amounts falling after more than one year represent the balance of an interest free Salix loan granted by the Education and Skills Funding Agency.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Unrestricted funds	1,084,836	340,767	(595,863)	-	-	829,740
Restricted general funds						
General Annual Grant (GAG)	727,512	15,592,708	(15,512,256)	(157,032)	-	650,932
Other DfE / ESFA grants	-	1,785,106	(1,785,106)	-	-	-
Other Government grants	-	156,089	(156,089)	-	-	-
Teacher training income	-	14,880	(14,880)	-	-	-
Restricted donations	-	251,821	(251,821)	-	-	-
Exceptional Government funding	-	17,960	(17,960)	-	-	-
Pension reserve	(7,287,000)	-	(547,000)	-	(335,000)	(8,169,000)
	<u>(6,559,488)</u>	<u>17,818,564</u>	<u>(18,285,112)</u>	<u>(157,032)</u>	<u>(335,000)</u>	<u>(7,518,068)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	-	92,116	-	(92,116)	-	-
Other Government capital grants	4,060,863	-	-	(3,932,744)	-	128,119
Restricted fixed assets	40,698,848	-	(1,594,686)	4,181,892	-	43,286,054
	<u>44,759,711</u>	<u>92,116</u>	<u>(1,594,686)</u>	<u>157,032</u>	<u>-</u>	<u>43,414,173</u>
Total Restricted funds	<u>38,200,223</u>	<u>17,910,680</u>	<u>(19,879,798)</u>	<u>-</u>	<u>(335,000)</u>	<u>35,896,105</u>
Total funds	<u><u>39,285,059</u></u>	<u><u>18,251,447</u></u>	<u><u>(20,475,661)</u></u>	<u><u>-</u></u>	<u><u>(335,000)</u></u>	<u><u>36,725,845</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

The specific purposes for which the funds are to be applied are as follows:

Unrestricted funds

This represents income received that does not have restrictions.

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Other DfE/ESFA grants

This represents other restricted funding received from the Department for Education.

Other Government grants

This represents various grants received from Government bodies for the provision of specific services to pupils of the Trust.

Teacher training income

This represents grants received for the School-Centred Initial Teacher Training programme

Restricted donations

This represents contributions made by parents to the running of educational visits for the pupils of the Schools, the associated costs of running the trips and other income received which is restricted in nature.

Pension reserve

This fund represents the Trust's share of the deficit on the LGPS transferred on conversion from State Maintained Schools.

Restricted fixed asset fund

Restricted fixed assets funds are resources which are applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for specific purposes.

The transfer in of £4,181,892 represents the costs of assets acquired in the year which have been funded mainly by capital grants as well as GAG income.

DfE/EFSA capital grants

This represents CIF capital funding received from the ESFA for specific purposes along with Devolved Formula Capital (DFC) received from the ESFA to maintain and improve buildings and facilities.

Other Government capital grants

This represents capital funding received from other Government bodies for CHS expansion.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

Exceptional Government funding

This represents funding received from the ESFA in response to exceptional costs incurred by the Academy following the COVID-19 outbreak.

Total funds analysis by Academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
St Martin's School	640,555	939,600
Larchwood Primary School	112,943	88,807
Chase High School	724,342	789,372
Discovery Educational Trust	2,832	(5,431)
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,480,672	1,812,348
Restricted fixed asset fund	43,414,173	44,759,711
Pension reserve	(8,169,000)	(7,287,000)
	<hr/>	<hr/>
Total	36,725,845	39,285,059
	<hr/> <hr/>	<hr/> <hr/>

Total cost analysis by Academy

Expenditure incurred by each Academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
St Martin's	6,778,152	1,704,839	163,061	1,314,278	9,960,330	9,281,156
Larchwood	1,136,771	174,653	86,536	267,159	1,665,119	1,528,848
Chase High	4,613,678	1,086,669	161,851	1,059,306	6,921,504	6,914,182
DET	95,792	186,938	-	53,742	336,472	411,178
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	12,624,393	3,153,099	411,448	2,694,485	18,883,425	18,135,364
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

DISCOVERY EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	1,688,784	467,087	(1,071,035)	-	-	1,084,836
Restricted general funds						
General Annual Grant (GAG)	346,688	15,580,441	(14,934,323)	(265,294)	-	727,512
Other DfE / ESFA grants	-	1,072,117	(1,072,117)	-	-	-
Other Government grants	-	106,675	(106,675)	-	-	-
Teacher training income	-	19,310	(19,310)	-	-	-
Restricted donations	-	362,101	(362,101)	-	-	-
Pension reserve	(5,776,000)	-	(557,000)	-	(954,000)	(7,287,000)
	<u>(5,429,312)</u>	<u>17,140,644</u>	<u>(17,051,526)</u>	<u>(265,294)</u>	<u>(954,000)</u>	<u>(6,559,488)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted fixed asset funds						
DfE/ESFA capital grants	139,301	228,199	(12,803)	(354,697)	-	-
Other Government capital grants	-	4,925,374	-	(864,511)	-	4,060,863
Restricted fixed assets	40,795,396	-	(1,581,050)	1,484,502	-	40,698,848
	<u>40,934,697</u>	<u>5,153,573</u>	<u>(1,593,853)</u>	<u>265,294</u>	<u>-</u>	<u>44,759,711</u>
Total Restricted funds	<u>35,505,385</u>	<u>22,294,217</u>	<u>(18,645,379)</u>	<u>-</u>	<u>(954,000)</u>	<u>38,200,223</u>
Total funds	<u><u>37,194,169</u></u>	<u><u>22,761,304</u></u>	<u><u>(19,716,414)</u></u>	<u><u>-</u></u>	<u><u>(954,000)</u></u>	<u><u>39,285,059</u></u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	43,286,053	43,286,053
Current assets	829,740	1,891,939	463,830	3,185,509
Creditors due within one year	-	(1,241,007)	(324,581)	(1,565,588)
Creditors due in more than one year	-	-	(11,129)	(11,129)
Provisions for liabilities and charges	-	(8,169,000)	-	(8,169,000)
Total	<u><u>829,740</u></u>	<u><u>(7,518,068)</u></u>	<u><u>43,414,173</u></u>	<u><u>36,725,845</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	40,698,848	40,698,848
Current assets	1,068,761	2,559,107	4,076,938	7,704,806
Creditors due within one year	16,075	(1,831,595)	(2,473)	(1,817,993)
Creditors due in more than one year	-	-	(13,602)	(13,602)
Provisions for liabilities and charges	-	(7,287,000)	-	(7,287,000)
Total	<u>1,084,836</u>	<u>(6,559,488)</u>	<u>44,759,711</u>	<u>39,285,059</u>

20. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2020 £	2019 £
Net (expenditure)/income for the period (as per Statement of Financial Activities)	(2,224,214)	3,044,890
Adjustments for:		
Depreciation	1,592,237	1,581,050
Interest receivable	(1,479)	(1,801)
Defined benefit pension scheme cost	547,000	557,000
Decrease in debtors	3,388,805	43,583
(Decrease)/increase in creditors	(252,405)	349,714
Capital grants from DfE and other capital income	(3,987,222)	(5,153,573)
Capital grants not yet received	463,830	(4,385,209)
Profit on disposal	(1,550)	-
Net cash used in operating activities	<u>(474,998)</u>	<u>(3,964,346)</u>

21. Cash flows from financing activities

	2020 £	2019 £
Repayments of borrowing	(2,473)	(2,473)
Net cash used in financing activities	<u>(2,473)</u>	<u>(2,473)</u>

DISCOVERY EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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22. Cash flows from investing activities

	2020 £	2019 £
Interest received	1,479	1,801
Purchase of tangible fixed assets	(4,181,892)	(1,484,502)
Proceeds from the sale of tangible fixed assets	4,000	-
Capital funding received from ESFA and others	3,987,222	5,153,573
Net cash (used in)/provided by investing activities	(189,191)	3,670,872

23. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	2,128,624	2,795,286
Total cash and cash equivalents	2,128,624	2,795,286

24. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	2,795,286	(666,662)	2,128,624
Debt due within 1 year	(2,473)	-	(2,473)
Debt due after 1 year	(13,602)	2,473	(11,129)
	2,779,211	(664,189)	2,115,022

25. Capital commitments

	2020 £	2019 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	128,119	4,060,863

The Trust is committed to the acquisition costs of land and buildings at one of its member Academies. This is funded by a grant from Southend Borough Council, the total of which is accrued in the financial statements for the current accounting period.

DISCOVERY EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

26. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £292,971 were payable to the schemes at 31 August 2020 (2019 - £226,778) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £1,972,473 (2019 - £1,303,367).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

DISCOVERY EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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26. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £678,000 (2019 - £605,000), of which employer's contributions totalled £538,000 (2019 - £476,000) and employees' contributions totalled £ 140,000 (2019 - £129,000). The agreed contribution rates for future years are 23 per cent for employers and 5.5 - 6.5 per cent for employees.

As described in note 1.13 the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.30	3.70
Rate of increase for pensions in payment/inflation	2.30	2.20
Discount rate for scheme liabilities	1.60	1.90

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2020	2019
	Years	Years
Retiring today		
Males	21.8	21.3
Females	23.8	23.6
Retiring in 20 years		
Males	23.2	23.0
Females	25.2	25.4

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

26. Pension commitments (continued)

As at the 31 August 2020 the Trust had a pension liability £8,169,000 (2019 - £7,287,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way:

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	(341,000)	(283,000)
Discount rate -0.1%	349,000	289,000
Mortality assumption - 1 year increase	573,000	494,000
Mortality assumption - 1 year decrease	(552,000)	(476,000)
CPI rate +0.1%	320,000	257,000
CPI rate -0.1%	(313,000)	(250,000)

Share of scheme assets

The Trust's share of the assets in the scheme was:

	2020 £	2019 £
Equities	4,243,000	3,388,000
Gilts	293,000	296,000
Corporate bonds	383,000	302,000
Property	532,000	430,000
Cash and other liquid assets	186,000	156,000
Alternative assets	795,000	526,000
Other managed funds	415,000	276,000
Total market value of assets	6,847,000	5,374,000

The actual return on scheme assets was £149,000 (2019 - £397,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £	2019 £
Current service cost	(950,000)	(761,000)
Past service cost	-	(123,000)
Interest income	106,000	126,000
Interest cost	(238,000)	(273,000)
Administrative expenses	(3,000)	(2,000)
Total amount recognised in the Statement of Financial Activities	(1,085,000)	(1,033,000)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

26. Pension commitments (continued)

Changes in the present value of the defined benefit obligations were as follows:

	2020 £	2019 £
At 1 September	12,661,000	10,311,000
Current service cost	950,000	761,000
Past service costs	-	123,000
Interest cost	238,000	273,000
Employee contributions	140,000	129,000
Actuarial losses	1,077,000	1,225,000
Benefits paid	(50,000)	(161,000)
At 31 August	<u>15,016,000</u>	<u>12,661,000</u>

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2020 £	2019 £
At 1 September	5,374,000	4,535,000
Interest income	106,000	126,000
Actuarial gains	742,000	271,000
Employer contributions	538,000	476,000
Employee contributions	140,000	129,000
Benefits paid	(50,000)	(161,000)
Administrative expenses	(3,000)	(2,000)
At 31 August	<u>6,847,000</u>	<u>5,374,000</u>

27. Operating lease commitments

At 31 August 2020 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	27,230	29,049
Later than 1 year and not later than 5 years	41,166	17,410
	<u>68,396</u>	<u>46,459</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

28. Members' liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a Member, or within one year after he/she ceases to be a Member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a Member.

29. Related party transactions

Owing to the nature of the Trust and the composition of the Trust Board being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place (2019: £Nil) in the period of the account, other than the Trustees remuneration and expenses already disclosed.

30. Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2020 the Trust received £38,968 (2019 - £42,018) and disbursed £32,216 (2019 - £48,201) from the fund. An amount of £9,674 (2019 - £2,922) is included in other creditors relating to undistributable funds that is repayable to the ESFA.